

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

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June 1992

ITEMS TO REMEMBER

- June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- Last day to file with the county treasurer a list of names and addresses of each person who has money due from the school corporation. (IC 6-1.1-22-14)
- Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made by the Office of the State Fire Marshall an inspection of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-1)
- June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees by resolution adopted has provided for such payments. (IC 20-4-1-35; IC 20-4-1-38)
- Last day to report and make payment of state and county income tax withheld during May to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."
- June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close this ledger for the school year and prove to the Fund Ledger.
- July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

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- July 4: Independence Day - Legal Holiday (IC 1-1-9-1)
- July 15: State Teachers' Retirement Fund Form EOR-4 (Employing Officials' Report of Teacher Contribution Deductions for the fourth quarter of the 1991-1992 school year) is due in the office of the State Teachers' Retirement Fund Board. (IC 21-6.1-7-9) provides "If the treasurer of a school corporation or the township trustee fails to make the reports as required in section 7 or 8 of this chapter, the school corporation which that officer serves is ineligible to receive any distribution of money from the state for school purposes until the reports and payments are received and approved by the board."
- July 20: Last day to report and make payment of state and county income tax withheld during June to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."
- July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter of 1992.
- Last day to submit a Teachers' Retirement Fund Board Form P-31, Employing Officials' Report of Teachers in the State of Indiana. (IC 21-6.1-7-8) (See July 15 above re: IC 21-6.1-7-9)
- Aug. 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- Aug. 10: Last day for the first publication of budgets for all school corporations other than school townships. (10 days prior to the public hearing) (IC 6-1.1-17-3)
- Aug. 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report (which consists of financial and performance information) for the past calendar year, by one insertion in each of two newspapers in the school corporation. (IC 5-3-1-3)
- Aug. 17: Last day for second publication of school corporation budgets. (7 days after the first publication) (IC 5-3-1-2)
- Aug. 20: Last day to report and make payment of state and county income tax withheld during July to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."

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- Aug. 20: Last day for completing public hearing on 1993 budget prior to meeting for adoption. (At least 7 days prior to the adoption of the budget) (IC6-1.1-17-5)
- Aug. 27: Last day for meetings of school boards (school corporations other than school townships) to adopt budgets for the next calendar year and to fix tax levies. (Not Later Than the Last Thursday in August) (IC 6-1.1-17-5)

PAYMENT OF FUNDS DUE DECEASED PERSON

The State Board of Accounts is often asked the correct method of making payment of money due an official, employee, or other person who has died. The following procedure is authorized by IC 29-1-8-1.

If an executor, administrator or personal representative has been designated by the court, payment should be made to such executor, administrator or personal representative. Payment may be made to the widow, or if there is no widow, then to the distributees of an estate without awaiting the appointment of a personal representative or the probate of a will when (a) no petition for the appointment of a personal representative is pending or has been granted, and (b) forty-five (45) days have elapsed since the death of the decedent, and (c) the value of the gross probate estate less liens and encumbrances thereon does not exceed eight-thousand five-hundred dollars (\$8,500), and (d) there is furnished to any person owing any money, having custody of any property, or acting as registrar or transfer agent of any evidence of interest, indebtedness, property or right, an affidavit showing the existence of the foregoing conditions and the right of the widow or distributees to receive such money or property or to have such evidences transferred, or there is furnished to such party an order of the court having jurisdiction of such estate authorizing the transfer of such assets to such widow or distributees.

The affidavit furnished should be similar to the following:

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STATE OF INDIANA)
COUNTY OF _____) SS:

**AFFIDAVIT FOR TRANSFER OF ASSETS
WITHOUT ADMINISTRATION**

_____, being first duly sworn upon _____ oath deposes and says:

1. That _____ died on the ____ day of _____, 19__ (testate), (intestate) while domiciled in _____ County, Indiana.
2. That no petition for the appointment of a personal representative of his estate is pending or has been granted.
3. That forty-five days have elapsed since the death of said decedent.
4. The value of the gross probate estate less liens and encumbrances thereon does not exceed eight thousand five hundred dollars (\$8,500).
5. That this affiant is a (widow) (widower) (distributee) of said decedent and is entitled to receive without administration the following listed property from the person, firm or corporation listed opposite said property subject to the items and encumbrances thereon.

KIND OF PROPERTY	WHERE LOCATED	VALUE	LIEN OR ENCUMBRANCES IF ANY	NAME AND ADDRESS OF PERSON, FIRM OR CORPORATION HOLDING PROPERTY OR DECEDENT
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

This affidavit is made for the purpose of inducing the above named holders of said decedent's property to turn said property over to this affiant as provided by law.

AFFIANT

ADDRESS

Subscribed and sworn to before me this ____ day of _____, 19__

Notary Public

My Commission Expires: _____

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SCHOOL BUS DRIVER CONTRACTS

When a school bus driver or fleet contractor for a public school corporation owns either the chassis or the body of the school bus or both the chassis and body of the school bus and operates under a transportation or fleet contract, IC 20-9.1-3-5 provides that the compensation for the school bus driver or the fleet contractor shall be determined, and fixed by the contract, on a per diem basis for the number of days: (a) On which the calendar of the school corporation provides that students are to be in attendance at school; (b) On which the driver is required by the school corporation to operate the bus on school related activities; and (c) On which in-service training is either required by statute or authorized by the school corporation including, but not limited to, the safety meeting workshops required under IC 20-9.1-3-7.

The contract form for this purpose is prescribed by the State School Bus Committee and is the Driver Owned Equipment Contract for Transporting Children or the Fleet Contract for Transporting Children as applicable for a driver-owner or a fleet contractor respectively.

CAPITAL PROJECTS FUND

All cumulative building funds should have been closed out to a capital projects fund prior to January 1, 1992.

IC 21-2-15-4 now provides that a capital projects fund may be used for the following purposes:

(1) With respect to any facility used or to be used by the school corporation (other than a facility used or to be used primarily for interscholastic or extracurricular activities), the fund may be used to pay for the following:

Planned construction, repair, replacement, or remodeling.

Site acquisition.

Site development

Repair, replacement, or site acquisition that is necessitated by an emergency.

(2) The purchase, lease, repair, or maintenance of equipment to be used by the school corporation (other than vehicles to be used for any purpose and equipment to be used primarily for interscholastic or extracurricular activities).

(3) The purchase, lease, upgrading, maintenance, or repair of computer hardware or software, or both and may be used to pay for the services of full-time or part-time computer maintenance employees.

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(4) To purchase:

building sites;
buildings in need of renovation;
building materials; and
equipment;

for the use of vocational building trades classes to construct new buildings and to remodel existing buildings.

(5) Leasing or renting of existing real estate, excluding payments authorized under IC 21-5-11 and IC 21-5-12.

Before a governing body may collect property taxes for a capital projects fund in a particular year, the governing body must, after January 1 and on or before the last Thursday in August of the immediately preceding year, hold a public hearing on a proposed plan and then pass a resolution to adopt a plan. The State Board of Tax Commissioners shall prescribe the format of the plan. A plan must apply to at least the three (3) years immediately following the year the plan is adopted. A plan must eliminate for each year to which it applies the nature and amount of proposed expenditures from the capital projects fund. A plan must estimate:

(1) the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year; and

(2) the amount of property taxes to be collected in that year and retained in the fund for expenditures proposed for a later year.

If a hearing is scheduled, the governing body shall publish the proposed plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

The State Board of Tax Commissioners has published rules and regulations concerning Capital Project Funds.

SCHOOL FOOD FORMS

Application For Free Meals and Textbook Assistance or Reduced Price Meals and Application For Free Milk and Textbook Assistance, School Forms Number 521 and 522 have been revised effective April 27, 1992. Please contact the Division of School Food and Nutrition, Department of Education concerning any questions on the forms.

INTERNAL CONTROL SUGGESTIONS

Requests have been received that an article containing some suggestions or recommendations for improving internal control procedures in the operation of a school corporation, including its ancillary programs, be included in "The School Administrator".

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INTERNAL CONTROL SUGGESTIONS
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We encounter two entirely different sets of circumstances which affect internal control. Multi-person offices provide an opportunity to segregate or divide duties in such a manner as to provide greater internal control. Small offices, particularly where one person has many duties or is the only employee in the business office, internal control becomes more difficult to implement.

Internal control in relation to cash receipts should have the various functions segregated such that the person that receives the cash and prepares the official receipt is not the one who enters the receipt on the records and deposits the cash in the public depository or calculates the record balance and prepares the bank reconciliation. These functions should be handled by as many different persons as feasible. Comparisons must be made regularly with sufficient checks and balances maintained to provide good control and provide for the discovery of errors or irregularities by the school corporation employees in the normal course of their duties.

Cash Receipts must be written on serially prenumbered receipt forms (with a duplicate) at the time of receipt; the cash should be counted and totalled at least daily, compared to and balanced with the total shown on the cash register tape if used or an adding machine tape of all receipts written. The deposit should agree with the total received during the period for which the deposit is made and payment type should be clearly denoted (cash, check, money order). Post to the Ledger of Receipts and compare the total posted with the total received. Cash must be deposited no later than the next business day following the day received and should never be used to cash personal checks. Persons receiving or handling money must be properly bonded and the bond recorded with the County Recorder.

Good control in relation to cash disbursements requires the segregation of purchasing from the certification of the receipt of goods and services as well as the writing of checks and the posting of those checks to the records. The more these functions can be handled by separate persons, the better the control. Also, blank check forms should not be accessible to persons other than those authorized to prepare or supervise the check writing process. All blank check forms must be serially prenumbered by the printing supplier and have a serially numbered duplicate or be electronically listed in serial number sequence on an approved check register format in lieu of duplicate. Blank check forms should never be signed and signatures should never be applied in advance of preparation of the check. Voided or damaged check forms should be rendered non-negotiable and filed for subsequent inspection or audit. Checks should be mailed without allowing them to return to the persons who approved the transaction for payment.

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Similar controls should be applied to other functions such as petty cash handling, payrolls (preparation and distribution), accounts receivable and payable, investments and investment income, inventories of materials, supplies, property and equipment, bonds payable, prenumbering of other documents, i.e., tickets, purchase orders, etc., and of electronic data processing programs and procedures. All of these areas should be controlled very carefully and the most acceptable method is through the separation of duties among personnel.